



## **Billing Code 3510-FP**

### DEPARTMENT OF COMMERCE

#### International Trade Administration

#### Trade Mission to Egypt and Kuwait

**AGENCY:** International Trade Administration, Department of Commerce

**ACTION:** Notice

### **MISSION DESCRIPTION**

The U.S. Department of Commerce, International Trade Administration, U.S. and Foreign Commercial Service is organizing a Trade Mission to explore opportunities in the energy, renewable energy, infrastructure and safety and security technology sectors in Cairo, Egypt and Kuwait City, Kuwait, March 10-14, 2013. Led by a senior executive of the Department of Commerce or other U.S. Government agency, the trade mission will include one-on-one business appointments with pre-screened potential buyers, agents, distributors and joint venture partners; meetings with government officials, chambers of commerce, and business groups; and networking receptions for companies interested in expansion into the North African and Middle Eastern markets. Meetings will be offered with government authorities that can address questions about policies, tariff rates, incentives, grid interconnection, regulation, etc.

The mission will help participating firms gain market insights, make industry contacts, solidify business strategies, and advance specific projects, with the goal of increasing U.S. exports to Egypt and Kuwait. The mission will include one-on-one business appointments with pre-screened potential buyers, agents, distributors and joint venture partners; meeting with national and regional government officials; and networking events. Participating in an official U.S. industry delegation, rather than traveling to Egypt and Kuwait on their own, will enhance the companies' ability to secure meetings in these countries.

## **COMMERCIAL SETTING**

### **Egypt**

Egypt is strategically located at the gateway of trade for Africa and the Middle East. It is a prime location for the transit of goods, as well as a key destination for American companies seeking to do business in the region.

Egypt has experienced profound political changes over the past year. On February 11, 2011, President Hosni Mubarak's 30-year rule came to an end. In January 2012, Egypt seated its first freely and fairly elected parliament, and has held a Presidential election. Successful conclusion of Egypt's 2012 Presidential election has removed uncertainties about Egypt's political future and may help pave the road forward to achieve macroeconomic stability. In the meantime, the United States remains committed to a strong partnership with Egypt.

As the largest Arab country with a population of 90 million, Egypt is the fourth largest export market for U.S. products and services in the Middle East. The United States is Egypt's largest bilateral trading partner, and the second largest investor. In 2011, bilateral trade reached \$8.2 billion. The gross domestic product (GDP) grew over five percent from 2009 to 2010. According to Business Monitor International's forecasts, Egypt's real GDP is expanding 2.1% in FY2011/12 and projected to grow 4.9% in FY2012/13 (Egypt's fiscal year is July through June).

Egyptian law requires that foreign companies retain Egyptian commercial agents, for public tenders, but they may work directly with private companies. Most foreign companies have found it beneficial, however, to engage a local agent for private sector transactions as well because of their familiarity of the language, law and general business practices. Based on geographical location or product basis, a firm can appoint multiple agents in Egypt to further enhance its success.

## **Kuwait**

Kuwait is situated in the northwestern corner of the Arabian Peninsula, a strategic position in this vital region. The economy is dominated by the oil industry and government sector, and the country has benefited from the sharp rise of oil prices in recent years. In 2010, Kuwait's parliament passed a five-year \$104 billion plan to update Kuwait's infrastructure and diversify the economy away from oil. The plan comprises 1,100 projects, including the creation of "Silk City," a financial and commercial hub and free trade zone with 700,000 residents; construction of major roadways; a new container terminal and infrastructure to support northward bound transportation.

Kuwait imports most of its capital equipment, processed foods, manufacturing equipment and consumer goods. Many Kuwaitis travel to or study in the United States, and as a result, American products are well known and highly regarded in Kuwait.

Kuwait is a wealthy country with a savvy business community. Many Kuwaiti companies have activities outside of Kuwait. Some are building ports and airports in Egypt and Africa, own facilities in Europe and Asia, and represent U.S. franchises throughout the Middle East and as far away as Russia. Historically traders, Kuwait's business community is very entrepreneurial.

### **Best Sector Prospects**

#### **Energy/Renewable Energy**

##### **Egypt**

Egypt is one of the largest electrical energy producing countries in the Middle East. Over the next ten years, Egypt plans to expand its electricity capacity to 60,000 megawatts through a combination of traditional, renewable, and nuclear energy production to diversify energy resources and preserve the country's limited oil and gas reserves. The Government of Egypt's (GOE) goal is to generate 20% of power from renewables, including about 12% representing 7200 MW, subject to increase, from wind, and

3200 MW from solar by 2020. Renewable energy in Egypt represents a huge opportunity for U.S. firms particularly with their competitive technology, quality and pricing. Egyptian policy makers know that renewable energy is a global energy trend and are seriously looking into attracting private sector investors. Therefore, the Supreme Council of Energy has approved a number of incentives such as exempting all renewable energy equipment and spare parts from customs' duties and sales taxes. Solar joins wind as another renewable resource being exploited. Egypt's first hybrid solar power plant, Kuraymat, is a project combining natural gas and solar absorption through 130,000 square meters of parabolic mirrors. The plant will have the capacity to produce 150 MW and is expected to provide electricity to 550,000 households. Opportunities exist for U.S. providers of gas turbines, steam turbines, wind turbines, blades, and other equipment, as well as development and project management. Best prospects in the energy sector include circuit breakers of more than 66kv, power transformers of more than 25MVA-66kva, power transmission lines, turbine generator units with associated equipment, and vibration dampers.

The US&FCS will organize meetings for the mission delegates with the Ministry of Electricity and Energy, and the New and Renewable Energy Authority government officials who can address questions about policies, tariff rates, incentives, grid interconnection, price subsidy, and regulations.

### Kuwait

In October 2011, Kuwait's Ministry of Electricity and Water announced its 2012/2013 budget valued at \$5.8 billion. Kuwait produces 12,000 MW with seven power plants, and plans to boost its power generation by nearly half to 17,700 MW in four years to meet the rising demand for energy. The country is looking to build its first independent water and power plant (IWPP) at Azour North. Phase one of this project will produce 1500 MW and 100 million g/d of water and will cost \$3 billion, while the entire project ultimately will produce 4800 MW and 280 million g/d at a cost of \$8-10 billion. Additionally,

Kuwait is planning to build two new power plants, and one of these plants, Khairan, is expected to generate at least 2500 MW and 125 million g/d of water. Kuwait has new water projects under development in various parts of the country. Its current power sector plans are not limited to building new power plants but also focus on boosting the efficiency of existing power plants and enhancing the current distribution network using new technologies.

US&FCS Kuwait will include meetings with the government authorities that can address questions about electric power policies, tariff rates, incentives, grid interconnection, regulation, etc.

### **Infrastructure Projects - Design and Construction, Building Products**

#### Egypt

The Government of Egypt (GOE) directed \$1.9 billion to Egypt's infrastructure in 2010. With over 50 percent of the population under the age of 25 and a strong tourism market, there has been increased pressure on Egypt's roads, bridges, railroads, power stations, water and sewage, hospitals, and schools. According to the GOE, growth in the construction sector reached 4.25% in 2010 and will rise to 5.63% in 2014. It is expected to grow by a robust 4.91% year-on-year from 2010 to 2014, reaching a total value of \$15.8 billion. Such growth is expected to attract investments of around \$7.3 billion by 2015. Demand in the sector is on the rise mainly because of rapid demographic growth and housing shortages, particularly in the low- and middle-income segments. Construction accounts for around 8% of total employment, with a workforce of 1.2 million people in the sector.

As an active importing and exporting country with a trade volume reaching \$19.5 billion in 2011, there is an ongoing need for state-of-the-art logistics centers, intermodal connecting systems, cold storage, and

river transportation. Logistics centers are considered critical to the global supply chain and will affect logistics decisions ranging from shipping routes to warehouse locations.

In 2012, the Egyptian government's General Authority for Investment announced the following major plans for infrastructure development:

- The 6<sup>th</sup> of October Wastewater Treatment Plant: design: construction operation and maintenance of a new 150,000 m<sup>3</sup>/day plant, valued at \$15-29 million
- Abu Rawash Wastewater Treatment Plant: upgrading of the plant, valued at \$990 million
- East Port Said Port: includes a duty free zone area, road and rail networks, a power station, communication center, value-added services, valued at \$1.5 billion
- Alexandria Medical City: a medical center project for which the Egyptian government seeks private investment for financing, designing, constructing, equipping, furnishing, maintenance, operating and provision of non-clinical facility services for two University Hospitals and a blood bank, valued at \$1.45 billion

Some projects will be awarded based on the Egyptian government's "Public Private Partnership" (PPP) program, a multi-faceted initiative to attract private sector investment for infrastructure projects.

### Kuwait

Kuwait's construction sector grew 2.5% to \$2.4 billion in 2011, and is expected to reach \$ 3.2 billion by 2015. The Government of Kuwait (GOK) is planning the construction of numerous public hospitals and new towers for existing hospitals at a cost of over US\$5.5 billion by 2016. The multi-billion dollar Boubyan Harbor Project aims to turn Buobyan Island into the country's shipping center with a multi-media transport network. . Upon its completion in 20 years, the port will have a total handling capacity of 2.5 million containers per year.

Kuwait's robust commercial and residential construction expansion offers opportunities for the full range of U.S. building products and construction equipment. Local construction companies apply U.S. building techniques and technologies and use American building materials and equipment for private development projects, ranging from resorts to hospitals. The U.S. continues to lead as a supplier of building materials and equipment.

### **Safety/Security**

#### Egypt

The safety and security industry is booming throughout Egypt as the country deals with increased security issues ranging from private citizen safety to transaction fraud. Safety and security imports to Egypt have increased 10-15% annually for the past few years and U.S. brands are well received. This is primarily a government market, dominated by the Ministry of Interior and Ministry of Defense

As the country works to increase tourism over the next few years (a government priority post-revolution), airports and seaports will need upgraded security systems. Police and customs authorities will also have an increased need for such systems. Egypt has eight major ports and three cross-country borders that require significant security measures. In its fight against drug smuggling and counterfeit products, Egypt requires container scanning and shipment tracking devices. Egypt is also looking at container scanning upgrades and seafarer identification cards for more secure identification and synchronizing systems to coordinate security measures and responses. Accordingly, opportunities exist for U.S. firms providing short-range radar systems, surveillance cameras, infrared and radiological detectors, vessel tracking MIS, biometric scanners, personnel databases, computer peripherals, and systems integration equipment. Companies that can provide proven, cutting-edge technologies will have an advantage in these export opportunities.

## Kuwait

Kuwait plans to invest considerable sums in safety and security equipment over the next nine years.

Kuwait defense and security forces will be looking to purchase surveillance equipment, perimeter control systems, security check point equipment (fences, crash barriers, cameras, access points), explosives, and contraband detection systems including scanning systems and consulting services in security planning.

There will also be oil and oil-related infrastructure security upgrades and airport security upgrades.

Several projects currently under consideration include the second phase of 30,000 camera surveillance systems to be installed in and near most transportation infrastructure points, geospatial intelligence connectivity, maritime netting, and sensors to minimize security threats to vessels, facilities security of oil refineries, production facilities and loading platforms, and the hardware and software infrastructure needed to support a fully integrated C4ISR system.

Potential opportunities for U.S. companies include: C4ISR system integration for multiple tie-ins to surveillance systems (cameras, gamma sensors, magnetometers, command and control communications), border fencing and intruder sensing, industrial access controls, maritime surveillance and protection, long-range detection, and airborne systems.

## **MISSION GOALS**

The goal of the trade mission is to provide U.S. participants with first-hand market information, access to government decision makers as appropriate and one-on-one meetings with business contacts, including potential agents, distributors and partners, so they can position themselves to enter or expand their presence in the Egyptian and Kuwaiti markets.



## MISSION SCENARIO

The Trade Mission will include two stops: Cairo, Egypt and Kuwait City, Kuwait.

**Cairo** is the capital of Egypt and the largest city in Africa. A majority of the nation's commerce is generated in Cairo and regional headquarters of numerous businesses and organizations are located in the city. The business week runs from Sunday through Thursday.

**Kuwait City** is the capital of Kuwait. The business week runs from Sunday through Thursday.

In each city, participants will meet with new business contacts, learn about the markets by participating in Embassy briefings, and explore additional opportunities at networking receptions. Activities will include one-on-one business appointments with pre-screened business prospects.

## PROPOSED TIMETABLE

Saturday	9 March	Arrival in Cairo
Sunday	10 March	Orientation and market briefings, business luncheon with American Chamber of Commerce and U.S. Ambassador's networking reception
Monday	11 March	One-on-one business appointments; business lunch - GAFI presentation on major PPP projects; group dinner on Nile Maxim Cruise boat
Tuesday	12 March	One-on-one business appointments, evening departure for Kuwait
Wednesday	13 March	Orientation and market briefings, Kuwait Chamber of Commerce one-on-one business appointments and KCCI luncheon, reception at U.S. Ambassador's residence.

Thursday      14 March      Meeting at Kuwait Oil Company, American Business Council of Kuwait luncheon, and one-on-one business appointments.  
Depart Kuwait on evening flight or depart following day.

## **END OF MISSION**

## **PARTICIPATION REQUIREMENTS**

All parties interested in participating in the Trade Mission to Egypt and Kuwait must complete and submit an application package for consideration by the U.S. Department of Commerce. All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 15 and a maximum of 20 companies will be selected to participate in the mission from the applicant pool. U.S. companies already doing business in the target markets as well as U.S. companies seeking to enter these markets for the first time are encouraged to apply.

## **Fees and Expenses:**

After a company has been selected to participate on the mission, a payment to the U.S. Department of Commerce in the form of a participation fee is required. The participation fee will be \$3,350 for a small or medium-sized enterprise (SME)\* and \$4,230 for large firms. The fee for each additional company representative (SME or large firm) is \$700. Expenses for travel, lodging, most meals, interpreters, and incidentals will be the responsibility of each mission participant. Delegation members will be able to take advantage of Embassy rates for hotel rooms.

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\* An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see [http://www.sba.gov/services/contracting\\_opportunities/sizestandardstopics/index.html](http://www.sba.gov/services/contracting_opportunities/sizestandardstopics/index.html)). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (for additional information see <http://www.export.gov/newsletter/march2008/initiatives.html>).

**Conditions for Participation:**

- An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. If the U.S. Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications.
- Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least 51 percent U.S. content.

**Selection Criteria for Participation:**

Selection will be based on the following criteria:

- Suitability of the company's products or services to the targeted markets
- Applicant's potential for business in the target markets, including likelihood of exports resulting from the mission
- Consistency of the applicant's goals and objectives with the stated scope of the mission

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

**TIMEFRAME FOR RECRUITMENT AND APPLICATIONS**

Mission recruitment will be conducted in an open and public manner, including posting Export.gov -- and other Internet websites; publication in trade publications and association newsletters; direct outreach to

the Department's clients; posting in the Federal Register; and announcements at industry meetings, symposia, conferences, and trade shows.

Recruitment for the mission will begin June 6, 2012 and conclude no later than December 14, 2012.

Applications received after December 14, 2012 will be considered only if space and scheduling constraints permit. We will inform applicants of selection decisions as soon as possible after December 14, 2012.

Applications received after that date will be considered only if space and scheduling constraints permit.

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